

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

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R 231400Z JAN 75

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 5437

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E.O. 11652: N/A

TAGS: EAIR, BL

SUBJECT: CIVAIR: BRANIFF NEGOTIATIONS

REF: LA PAZ 8174

1. BRANIFF VICE PRESIDENT FOR LATIN AMERICAN OPERATIONS MC CORMICK VISITED WITH AMBASSADOR JAN. 17 TO DISCUSS PROGRESS OF NEGOTIATIONS WITH BOLIVIAN OFFICIALS FOR ISSUANCE NEW OPERATING PRMIT. MC CORMICK WAS OPTIMISTIC THAT LETTER OF INTENT HE WAS DELIVERING THAT DAY TO PRESIDENT LLOYD AEREO BOLIVIANO (LAB) OFFERING TECHNICAL ASSISTANCE AND SALE OF USED 727-100 WOULD GUARANTEE LAB SUPPORT FOR ISSUANCE PERMIT UNDER FAVORABLE TERMS OF PRESENT BI-LATERAL.

2. BRANIFF OFFERING FREE PILOT AND MAINTENANCE TRAINING, ASSISTANCE WITH MAINTENANCE, PURCHASING AND COMMUNICATIONS INCLUDING DONATION OF RADIO, FREE STUDY OF ROUTE TO U.S. AND TICKET SALES AND RAMP SERVICING WHEN ROUTE INSTITUTED. MCCORMICK CLAIMED THAT AIRCRAFT SALE WOULD BE ON VERY ATTRACTIVE TERMS AT PRICE OF US\$ 3 MILLION FOR 727-100 WIDEBODY WITH \$300,000 DOWN PAYMENT AT 7 PERCENT INTEREST OVER 60 MONTHS. MC CORMICK SAID SALES CONTRACT WOULD NOT BE SIGNED UNTIL PERMIT GRANTED.

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3. LOCAL BRANIFF MANAGER HAS SUBSEQUENTLY TOLD US THAT LAB HAS STILL NOT AGREED TO PACKAGE ARGUING AMONG OTHER POINTS THAT SALES CONTRACT SHOULD BE SIGNED IN BOLIVIA. MANAGER NONETHELESS OPTIMISTIC THAT NEGOTIATIONS WILL SOON BE COMPLETED. HE AND MCCORMICK ALSO STATE THAT BRANIFF HAS REACHED SATISFACTORY ARRANGEMENT WITH GOB AIRPORT AUTHORITY AASANA FOR OPERATION RAMP FACILITIES. BRANIFF CONTINUES TO OFFER SERVICE BUT COLLECTING ADDITIONAL FEE FOR SERVICES WHICH PAID TO AASANA. IN MEDIUM TERM AASANA WILL TAKE OVER SERVICE BUT PAY BRANIFF FOR CONTINUED TECHNICAL ASSISTANCE WHICH SHOULD ASSURE MAINTENANCE OF QUALITY.

4. COMMENT: BRANIFF INTERESTED IN OBTAINING NEW PERMIT UNDER PERSENT CIVAIR BILATERAL WHICH ALLOWS COMPANY TO MAKE SCHEDULE AND FREQUENCY CHANGES MERELY BY NOTIFYING BOLIVIAN GOVERNMENT OFFICIALS. MCCORMICK AND MANAGER CLAIM THAT THEY HAVE FLOATED POSSIBILITY OF ONE ADDITIONAL WEEKLY STOP IN LA PAZ WITH BOTH LAB AND GOVERNMENT AND NEITHER HAS OFFERRED OBJECTION. UNDERSECRETARY FOR CIVIL AVIATION CASANOVAS, HOWEVER, HAS TOLD EMBOFF THAT HE PRESSING FONOFF TO SEND EMBASSY NOTE ASKING FOR RENEWAL BILATERAL TALKS. CASANOVAS STATES THAT HE THINKING OF SESSION IN WASHINGTON AS EARLY AS FEBRUARY. EMBOFF CAUTIONED THAT TIMING MIGHT BE DIFFICULT.
STEDMAN

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